

From: Irv Rosenzweig <irosenzweig@rzwealth.com>
Sent: Tuesday, September 22, 2015 2:39 PM
To: EBSA, E-ORI - EBSA
Subject: RIN 1210-AB32 (Banning options from IRA's)

Importance: High

To whom it may concern:

I am in deep opposition to the proposal to ban options use in IRA's. To eliminate a tool that offers value from both an income enhancement perspective as well as mitigating losses makes no sense to me especially with the recent uptick in volatility and the very challenging environment that we have to deliver income to our clients. Certainly there can be risky uses of options in certain cases but to a degree an IRA minimizes those abuses. Of note is the fact that you cannot margin in an IRA so that options use would have to be on a "covered" basis, whether it be cash covered or covered by underlying positions. The use of a covered call doesn't make the underlying position riskier it enhances income through collecting premium income. The risk is opportunity risk if the position is called away. Also, consider the use of an options collar where you may establish both a floor and a ceiling relative to the range of return or loss you may choose for an underlying position. Also, it is possible to use cash covered puts as a means to supplementing income possibly without going long on the underlying position of the put. This may present an opportunity to generate income without interest rate sensitivity that exists in bonds or bond funds and if the put expires out of the money without the risk in owning the underlying position. Obviously, there is equity risk in sell puts since the position may be exercised to the investor and the pricing continue to fall. Lastly, if IRA holders what to hedge some risk in their portfolio they could simply buy puts which, of course, would increase the expenses but may provide for peace of mind. Options, as above, may have many and diverse uses and the elimination of this important tool forces investors to mitigate risk, primarily, through asset allocation and in times of considerable market stress such as 2008-9, the correlation between asset classes narrows so other than cash, the desired level of volatility may not be achieved. I hope the above provides ample reasons NOT to eliminate options from IRA's. I appreciate your time and attention in this matter. Sincerely, Irv Rosenzweig

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